

Message Text

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ORIGIN EB-07

INFO OCT-01 AF-06 ISO-00 TRSE-00 AGR-05 CEA-01 CIAE-00

COME-00 DODE-00 FRB-03 H-01 INR-07 INT-05 L-02 LAB-04

NSAE-00 NSC-05 PA-01 RSC-01 AID-05 CIEP-01 SS-15

STR-01 TAR-01 USIA-06 PRS-01 SP-02 FEAE-00 OMB-01

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TREAS:JWALLAR

AF/S:DCHRISTENSEN

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P 221525Z JAN 75

FM SECSTATE WASHDC

TO AMEMBASSY PRETORIA PRIORITY

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E.O. 11652: N/A

- -

TAGS: ETRD, SF

SUBJECT: COUNTERVAILING DUTY COMPLAINT - FERROCHROME

REF: STATE 011151

CAPE TOWN FOR EMBASSY OFFICE

1. TREASURY OFFICIALS WILL MEET WITH REPRESENTATIVES OF SOUTH AFRICAN EMBASSY IN WASHINGTON WEDNESDAY, JANUARY 22 TO INFORM THEM OF DETAILS OF COUNTERVAILING DUTY COMPLAINT ON FERROCHROME, AND TO DELIVER A LETTER ASKING FOR INFORMATION RELATIVE TO FOLLOWING ALLEGATIONS MADE BY COMPLAINANT: BEGING QUOTE.

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1. REDUCED RAILWAY RATES FOR EXPORTS - THE SOUTH AFRICAN RAILWAY ADMINISTRATION GRANTS SPECIALLY REDUCED RAILWAY RATES FOR EXPORTED PRODUCTS IF IT CAN BE PROVEN THAT THE NORMAL RATES ARE A MATERIAL FACTOR AFFECTING A COMPANY'S COMPETITIVE POSITION IN AN EXPORT MARKET. FURTHER RAIL RATE REDUCTIONS CAN ALSO BE OBTAINED FROM THE DEPARTMENT OF COMMERCE UPON THE PRESENTATION OF SUPPORTING DOCUMENTATION.

2. REDUCED HARBOR DUES FOR EXPORTED GOODS - PREFERENTIAL HARBOR RATES ARE ACCORDED TO EXPORT MERCHANDISE, AND THIS

PRACTICE WILL BE CONTINUED IN THE FUTURE.

3. REDUCED ELECTRICITY RATES FOR FERROALLOY PRODUCERS - FERROALLOY INDUSTRY USERS PAY APPRECIABLY LESS PER UNIT OF ELECTRICITY CONSUMED THAN OTHER LARGE USERS. SPECIAL RATES ARE ACCORDED BECAUSE OF THE IMPORTANCE ATTACHED TO STIMULATING EXPORT TRANSACTIONS.

4. INCOME TAX ALLOWANCES FOR MARKET DEVELOPMENT EXPENDITURES - PURSUANT TO SECTIONS 11 AND 17 OF THE INCOME TAX ACT OF 1962; AS AMENDED, EXPORTERS CAN APPLY FOR INCOME TAX DEDUCTIONS FOR CERTAIN EXPORT MARKET DEVELOPMENT EXPENSES.

5. FINANCE CHARGES - THE SECRETARY OF COMMERCE IS RESPONSIBLE FOR THE PAYMENT OF REBATES WHICH ALLOW

EXPORTERS TO QUOTE MORE COMPETITIVE PRICES IN INTERNATIONAL MARKETS AND TO ENSURE THAT EXPORT ORDERS ARE NOT LOST AS DIRECT RESULT OF THE PREVAILING RATES OF INTEREST PAYABLE ON EXPORT FINANCING. THESE REBATES ARE NOT SUBJECT TO INCOME TAXES.

6. FINANCING AT REDUCED RATES FOR THE CREATION OF PRODUCTION CAPACITY FOR EXPORTS - THIS PLAN CALLS FOR FINANCING AT RATES REDUCED FROM THOSE COMMERCIALY AVAILABLE BY THE INDUSTRIAL DEVELOPMENT CORPORATION OF SOUTH AFRICA TO INDUSTRIES FOR SELECTED EXPANSION SCHEMES WHICH WILL RESULT IN INCREASED EARNINGS OF FOREIGN LIMITED OFFICIAL USE

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EXCHANGE.

IT IS REQUESTED THAT AN ATTEMPT BE MADE TO QUANTIFY THE AMOUNTS OF ANY BENEFITS BESTOWED OR RECEIVED ON SALES TO THE U.S. BY THE MANUFACTURERS, PRODUCERS OR EXPORTERS OF FERROCHROME AS A RESULT OF THE EXISTENCE OF EACH OF THE ABOVE PROGRAMS OR PRACTICES. IF THE BENEFITS VARY FROM FIRM TO FIRM, INFORMATION WITH REGARD TO THE BENEFITS

RECEIVED BY EACH FIRM WOULD BE APPRECIATED WITH DATA REFLECTING THE QUANTITY AND VALUE OF TOTAL SALES AND EXPORTS TO THE U.S. OF THE RESPECTIVE FIRMS. IF SUCH INFORMATION CONTAINS BUSINESS CONFIDENTIAL DATA IT SHOULD BE PROPERLY MARKED AS SUCH AND WILL BE HANDLED IN CONFIDENCE; ADDITIONALLY GENERAL DATA ON TOTAL SALES, TOTAL EXPORTS AND EXPORTS TO THE UNITED STATES IN TERMS OF QUANTITY AND VALUE WOULD BE OF ASSISTANCE IN OUR INQUIRY. END QUOTE.

2. THE LETTER ASKS THAT A REPLY BE RECEIVED WITHIN 30 DAYS. THE LETTER EXPLAINS THAT UNDER PROVISIONS OF THE

TRADE ACT OF 1974 TREASURY MUST MAKE A TENTATIVE DETERMINATION AS TO THE EXISTENCE OF BOUNTIES OR GRANTS IN THIS CASE BY JULY 4, 1975.

3. ABOVE FURNISHED FOR EMBASSY INFORMATION ONLY. EMBASSY ASSISTANCE NOT REQUIRED AT THIS TIME BUT MAY BE REQUESTED AS INVESTIGATION PROCEEDS. KISSINGER

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Message Attributes

Automatic Decaptioning: X
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Disposition Approved on Date:
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Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Margaret P. Grafeld
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05 JUL 2006

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